December 19, 2005

Members of the Legislative Audit Committee:

In our audit report dated October 28, 2005, we determined that the financial statements of the Texas Department of Transportation’s Texas Mobility Fund (Fund) from the Fund’s inception in November 1, 2001, through August 31, 2005, were materially correct and presented in accordance with accounting principles generally accepted in the United States of America.

We also issued a report on internal control over financial reporting and on compliance and other matters as required by auditing standards. Our procedures were not intended to provide an opinion on internal control over financial reporting or to provide an opinion on compliance with certain provisions of the Resolution for the Texas Mobility Fund’s General Obligation Bonds (Resolution) and other laws and regulations. However, our procedures did not identify any material weaknesses in internal control over financial reporting or instances of noncompliance that materially affected the financial statements.

This is the first time the Fund’s financial statements have been audited. In May 2005, the Texas Bond Review Board approved the issuance of $4 billion in Texas Transportation Commission (Commission) State of Texas General Obligation Mobility Fund Bonds, with the first issuance of $1 billion to be made in fiscal year 2005. The Commission issued $900 million in fixed-rate general obligation bonds and $100 million in variable-rate general obligation bonds. The Resolution, which was dated June 2, 2005, requires the Commission to provide audited annual financial statements.

We appreciate the cooperation and assistance of Texas Department of Transportation staff during this audit. If you have any questions, please contact Mike Apperley, Audit Manager, or me at (512) 936-9500.

Sincerely,

John Keel, CPA
State Auditor

cc: Mr. Richard “Ric” F. Williamson, Chair, Texas Transportation Commission
    Ms. Hope Andrade, Member, Texas Transportation Commission
    Mr. Ted Houghton, Jr., Member, Texas Transportation Commission
    Mr. John W. Johnson, Member, Texas Transportation Commission
    Mr. Michael W. Behrens, P.E., Executive Director, Texas Department of Transportation